

NATIONAL DAIRY MARKET AT A GLANCE

At the Chicago Mercantile Exchange (CME), all grades of bulk butter are unchanged: Grade AA is \$1.2900; Grade A, \$1.2100; and Grade B, \$1.2100. Also at the CME, barrel cheese increased 1 1/4 cents to \$1.3550 and 40# blocks are unchanged at \$1.3925.

According to NASS, butter production was 70.3 million pounds in August, 4.0% below August 1996 and 14.1% below July 1997. American type cheese production totaled 257.5 million pounds, 1.8% below August 1996 and 9.3% below July 1997. Total cheese output (excluding cottage cheese) was 599.1 million pounds, 1.6% above August 1996 but 2.6% below July 1997. Nonfat dry milk production, for human food, totaled 91.0 million pounds, 48.2% above August 1996 but 18.7% below July 1997. Dry whey production, for human food, was 89.7 million pounds, 6.2% above August 1996 but 7.5% below July 1997.

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 1997 was unchanged at 116. Compared with September 1996, the index was unchanged. The index of prices received by farmers for dairy products advanced 3 points during the month of September 1997 to 100. Compared with September 1996, the index was down 26 points (20.6%). On a 3.5% butterfat basis, prices received by farmers in September with changes from August were: for all milk, \$12.89 per hundredweight, up 22 cents; for fluid grade milk, \$12.89, up 22 cents; and for manufacturing grade milk, \$12.07, up 29 cents.

Milk production is declining seasonally in most areas of the country, but is most often above year ago levels. Florida continues to be milk deficit and receiving supplemental loads from other areas of the country. Wet weather

and poor quality feeds in the Northwest and Mountain States are contributing to lower milk output. High temperatures in the East are causing additional declines. The good call for fluid milk and declining receipts are reducing manufacturing schedules in many areas. Cream demand is good from butter makers and for other utilization despite higher multiples and prices.

The dry whey market continues to be the hottest dairy product market. Prices continue higher as the result of limited producer offerings and heightened demand. The scramble to find whey has helped support WPC, lactose, and permeate prices, as buyers look for substitutes and cost relief in formulations. Nonfat dry milk prices are mostly steady with supplies available for current needs from most producers and resellers. NDM continues to clear under the support program and DEIP orders are higher. Buttermilk markets are seasonally weaker. Demand is lower from ice cream manufacturers.

During the period of October 1 - 10, CCC net dairy product purchases under the price support program were 1,395,356 pounds of Western nonfortified NDM.

\*\*\*\*SPECIAL THIS ISSUE\*\*\*\*

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BUTTER MARKETSCHICAGO WHOLESALE

Dollars per pound, trucklot, bulk in fiber boxes, delivered metropolitan area, prices include CCC purchase price whenever bulk butter is moving to CCC from the Midwest area.

GRADE :	OCTOBER 7 :	OCTOBER 9 :	OCTOBER 10 :
AA :	\$1.2900 - 1.3000 :	\$1.2900 - 1.3000 :	\$1.2900 - 1.3000 :
	(.0200) (.0200) :		
A :	\$1.2100 - 1.2200 :	\$1.2100 - 1.2200 :	\$1.2100 - 1.2200 :
	(.0100) (.0100) :		

( ) Change from previous price.

**BUTTER HIGHLIGHTS:** At the Chicago Mercantile Exchange, Grade AA is unchanged at \$1.2900, Grade A is unchanged at \$1.2100, and Grade B is unchanged at \$1.2100. Butter prices and the market tone are steady. Butter availability is often limited to contract needs and DEIP exports with limited loads available for spot needs. Freezer stocks of butter are indicated to be lighter as sales are good and sellers are able to clear older stocks to fill in for local shortages.

CHEESE MARKETSWISCONSIN ASSEMBLY POINTS

Dollars per pound, standard moisture basis (37.8-39.0%), carlot/trucklot, F.O.B. plants or storage centers, prices include CCC purchase price whenever cheese is moving to CCC from the Midwest area.

CHEDDAR STYLES :	OCTOBER 6 - OCTOBER 10, 1997 :
BARRELS* :	\$1.3425 - 1.3625 (NOMINAL) :
	(\$0.0175) (\$0.0175) :
40# BLOCKS :	\$1.4125 - 1.4275 (NOMINAL) :
	(\$0.0100) :

( ) Change from previous week. \* If steel, barrel returned.

**CHEESE HIGHLIGHTS:** The cheese market is steady to slightly higher on barrels. The block price at the Chicago Mercantile Exchange was unchanged at \$1.3925 and barrels were up 1 1/4 cents to \$1.3550 in moderate trading. Natural offerings are about in balance, though barrel supplies are at least adequate. Cheese production is steady to lower, depending on milk availability. CCC cheese purchases for November are found on page 15 of this report.

CHICAGO MERCANTILE EXCHANGEBUTTER TRANSACTIONS ON FRIDAY, OCTOBER 10, 1997

(CARLOT UNIT = 40,000 - 42,000 LBS.)

GRADE :	PRICE CHANGE :	LAST SIGNIFICANT TRANSACTION - LST :
AA :	N.C. :	\$1.2900 : SALE 10/10/97
A :	N.C. :	\$1.2100 : BID 10/03/97
B :	N.C. :	\$1.2100 : BID 10/03/97

SALES: 15 CARS GRADE AA:  
9 @ \$1.2875, 6 @ \$1.2900 (LST)

BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2600

OFFERS UNCOVERED: 12 CARS GRADE AA: 1 @ \$1.2950,  
5 @ \$1.3000, 1 @ \$1.3300, 5 @ \$1.3400

CHEESE TRANSACTIONS ON THURSDAY, OCTOBER 9, 1997

(CARLOAD UNIT = 40,000-44,000 LBS.)

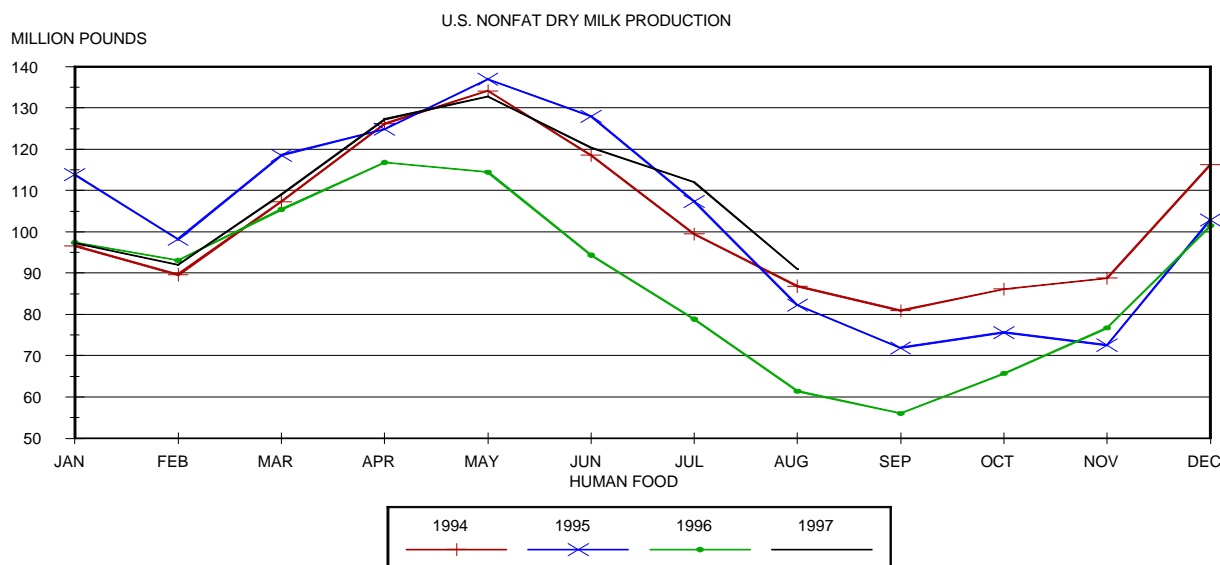
CHEDDAR STYLES :	PRICE CHANGE :	LAST SIGNIFICANT TRANSACTION :
BARRELS :	+.0125 :	\$1.3550 : SALE 10/09/97
40# BLOCKS :	N.C. :	\$1.3925 : SALE 10/09/97

SALES: 15 CARS BARRELS:  
2 @ \$1.3450, 1 @ \$1.3475, 3 @ \$1.3500,  
3 @ \$1.3525, 3 @ \$1.3550, 1 @ \$1.3600,  
1 @ \$1.3575, 1 @ \$1.3550 (LST)

4 CARS 40# BLOCKS @ \$1.3925 (LST)

BIDS UNFILLED: 1 CAR BARRELS @ \$1.3550

OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.3600  
2 CARS 9 MONTH OLD BLOCKS @ \$1.5200



## PRINT BUTTER MARKETS - GRADE AA

## NORTHEAST

Prices are slightly higher and the market tone is mixed. Supplies of fresh butter are tight and sales are limited to local needs due to the unsteadiness of the market. Some producers do not have sufficient amounts of product on hand to satisfy regular accounts. DEIP orders for 82% unsalted continue to be filled. This export demand is causing domestic prices to remain at surprisingly high levels for this time of the year. Stocks of stored butter are fully adequate, but current buying interest is for fresh product. Cold storage holdings are beginning to decrease at a faster rate. It is reported that some producers are becoming concerned with the limited availability of commercial butter supplies. Churning schedules are active as producers are preparing for upcoming holiday orders. Butter production is slightly higher.

WHOLESALE PRICES: MIN 25 BOXES  
DOLLARS PER POUND, DELIVERED EAST COAST CITIES

1/4 LB. PRINTS	: 1.5000-1.7475
1 LB. PRINTS	: 1.4150-1.5975
CHIPS/PATTIES	: 1.4775-1.6575
REDDIES	: 1.5525-1.7475
CONTINENTALS	: 1.6325-1.8075

## CENTRAL

Print butter prices increased two cents, reflecting higher CME cash butter trading last Friday. The market tone is often unsettled with buyers and sellers mixed on the duration and extent of market pricing. Feature orders are often slow to be placed due to the uncertainty of prices. Sellers do not want to guarantee market pricing. August 1997 U.S. butter production was 70.3 million pounds, 4.0% lower than August 1996 and 14.1% lower than July 1997. Production in regional states with changes from a year ago was: Wisconsin, 17.7 million pounds, -3.2%; Minnesota, 3.7 million pounds, -13.0%; Michigan, 582,000 pounds, -55.7%; and North Dakota, 299,000 pounds, +17.7%.

FOB CENTRAL STATES PLANTS: MIN 20,000 POUNDS, \$ PER POUND

1/4 LB. PRINTS	: 1.3900-1.7975
1 LB. PRINTS	: 1.3550-1.5175
CHIPS/PATTIES	: 1.3800-1.5900
REDDIES	: 1.4650-1.7000
CONTINENTALS	: 1.6200-1.8100

## WEST

Moderate price increases were noted on Western print butter. Current production is not sufficient to meet existing domestic demand. Orders continue to be partially filled to keep as many customers as possible at least somewhat happy. Deliveries continue on the export DEIP orders. Some sellers are finishing their export sales and are back concentrating on the domestic market. Cream sales remain excellent and continue to restrict churning at some locations. August U.S. butter output totals 70.3 million pounds, down 4.0% from last year. Cumulative output for the year has reached 790.8 million pounds, only slightly ahead of the same period in 1996. Butter output for selected states compared to last year is as follows: California up 14.0%, Oregon down 7.6%, and Washington down 8.3%.

WHOLESALE SELLING PRICES: DELIVERED WESTERN CITIES  
150 - 1000 POUNDS, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.5725-1.6200
1 LB. PRINTS	: 1.5025-1.5625
PATTIES	: 1.5450-1.7100
REDDIES	: 1.6700-1.6875

FOB CALIFORNIA PLANTS - GRADE AA  
100 CASES AND UP, DOLLARS PER POUND

1/4 LB. PRINTS	: 1.2875-1.3275
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WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	CHEESE
10/06/97	17,188	107,598
10/01/97	20,062	108,721
CHANGE	-2,874	-1,123
% CHANGE	-14	-1

Based on the historical relationship of the preliminary U.S. Cold Storage report of August 31, 1997 and the selected centers storage report, the expected U.S. holdings as of October 1, 1997 are:

Butter	37 million pounds plus or minus 2.51 percent
Cheese	423 million pounds plus or minus 3.62 percent

## NASS CHEDDAR CHEESE PRICE SURVEY

WEEK ENDING	MN/WI	40# BLOCKS		640# BLOCKS		BARRELS (adjusted to 39% moisture)		
		WEST	U.S.	U.S.	U.S.	MN/WI	OTH STATES	U.S.
OCTOBER 3	1,4243	1,3682	1,3829	1,3879	1,3311	1,3311	1,2969	1,3096
	1,316,912	3,851,280	5,291,672	1,069,611	3,242,670	3,242,670	5,415,431	8,658,101

Further data may be found on the Internet at: <http://usda.mannlib.cornell.edu/reports/nassr/price/cheddar/>

## CHEESE MARKETS

## NORTHEAST

Prices are unchanged to fractionally higher on process. The market tone is steady. Demand is fair. Stocks are fully adequate for needs with barrel inventories heavier than desired. Production is lighter due to the decreased availability of milk. Mozzarella demand continues to be strong as its peak season is in full swing. Retail and food service orders are steady to improved. Best interest is for process cheese at fast food outlets.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.4100-1.8750
Cheddar Single Daisies	:	1.3800-1.8800
Cheddar 40# Block	:	1.5300-1.6800
Process 5# Loaf	:	1.5525-1.7000
Process 5# Sliced	:	1.5725-1.7375
Muenster	:	1.5725-1.9675
Grade A Swiss Cuts 10 - 14#	:	2.2500-2.5050

## MIDWEST

The cheese market is steady on natural, unsettled on barrels. At the Chicago Mercantile Exchange on October 2, the price of blocks was unchanged at \$1.3925, but barrels increased 1.75 cents to \$1.3425 per pound, reducing the spread to a near normal 5 cents. Fast food promotional activity has stimulated process, barrel and other processing solid sales for some producers while others are slower. Current cheddar demand remains fairly steady with supplies generally about in balance for most producers. Buyers want to maintain just an adequate inventory for near term needs. Swiss cheese prices are steady to higher, reflecting in instances, higher milk prices. Demand is steady to improved for aged cheese. Cheddar, made in May through July, when market prices were under a \$1.20, can be a bargain compared to current cheese prices. However, year old cheddar put away at in the \$1.60's is a tougher sell. Unseasonably warm weather through much of the upper Midwest has extended the grazing and haying season for many producers. Cheese production is steady to lower. Milk supplies are trending lower seasonally and remain tight. Cheese yields are typically steady to slightly higher, reflecting fat and protein trends. Cheese production, particularly in southern Midwest states, has been hampered by limited milk supplies available for manufacturing.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.4975-1.6400
Brick And/Or Muenster 5#	:	1.6600-1.8500
Cheddar 40# Block	:	1.6425-1.9150
Monterey Jack 10#	:	1.8425-1.9150
Blue 5#	:	1.9950-2.2000
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7100-1.9150
Grade A Swiss Cuts 6 - 9#	:	2.1000-2.4850

## WEST

Natural cheese is in generally close balance between supply and demand. Buyers are taking what they need, but they are not buying ahead. Barrel stocks are generally heavier than blocks, especially for anything less than number one quality. Minor discounting is noted. Swiss is clearing very well and most contacts are anticipating a strong fall season. Mozzarella sales are very good seasonally. Swiss cheese production in the U.S. for August totals 17.4 million pounds, down 6.5% from last year. Total cheese output in August totals 599.1 million pounds, up 1.6% from August 1996. Total cheese output for selected Western states compared to last year is as follows: California up 16.6%, Idaho down 1.9%, Oregon up 2.0%, Utah up 9.6%, and Washington down 18.5%.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.4975-1.7850
Cheddar 40# Block	:	1.5750-1.7300
Cheddar 10# Cuts	:	1.7500-1.9150
Monterey Jack 10#	:	1.7150-1.8775
Grade A Swiss Cuts 6 - 9#	:	2.3375-2.5600

## FOREIGN TYPE CHEESE

Prices are mostly unchanged. There has been increased interest in imported Italian type cheeses. As the exchange rate on the Italian Lira changes, the market for Romano and Provolone is unsettled. The domestic market for Swiss has improved as prices are lower; imported varieties are not as attractive at this time. Contacts report application for export licenses in Europe have opened this week and requests are being taken. Import licenses are also being reallocated in the U.S.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	: 5.5000-6.8900	: -0-
Blue	: 2.6400-3.1400	: 1.7275-2.3375
Gorgonzola	: 3.2400-5.9400	: 2.3925-2.4900
Parmesan (Italy)	: TFEWR	: 3.1375-3.1750
Romano (Italy)	: 2.0900-2.9000	: -0-
Provolone (Italy)	: 3.4400-5.5000	: 1.4000-1.9075
Romano (Cows Milk)	: -0-	: 2.9250-3.1775
Sardo Romano (Argentine)	: 2.6500-3.2900	: -0-
Reggianito (Argentine)	: 2.6500-3.2900	: -0-
Jarlsberg-(Brand)	: 2.7400-3.1200	: -0-
Swiss Cuts Switzerland	: -0-	: 2.2500-2.5050
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-
Swiss Cuts Austrian	: 2.2500-2.7500	: -0-
Edam	:	:
2 Pound	: TFEWR	: -0-
4 Pound	: 2.1900-3.0900	: -0-
Gouda, Large	: 2.3900-3.1500	: -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	: 27.8000-31.7000	: -0-

\* = Price change.

## FLUID MILK AND CREAM

## E A S T

Following the announcement of the September BFP, Eastern Milk Market Administrators announced changes to their class prices. The September BFP is \$12.79, up \$0.72 from August. In all orders in the East, November Class I & II milk prices will be up \$0.72 from October. In orders 1, 2, and 4, the September Class III prices increased \$0.68, and up \$0.72 in all other orders. The September Class III-A is \$11.93 in orders 1 & 2, \$11.95 in order 4, and \$11.73 in all other Eastern orders. The butterfat differential is \$0.106. Milk production ranges from steady to slightly lower throughout the East. Florida's desperate need for outside milk continues as hot weather hinders milk production. Contacts report lower humidity is beginning to help production and anticipate a turnaround in the next couple weeks. Imports to the region total approximately 191 loads this week. In the Mid Atlantic area, lower seasonal production patterns and hot weather are causing milk receipts to decrease. Milk supplies are very tight and demand from Florida is exceptionally strong. This week, handlers from Florida requested additional milk volumes from the area. Shipments to the South now total 19-21 loads per day, up from 15-17 loads the previous week. Contacts foresee this demand to continue through October until milk output increases and temperatures decrease. In other Southeastern states, the milk flow is steady and sales are strong for first of the month needs. There is little or no manufacturing in the region due to the limited availability of milk. Condensed skim sales are strong and October prices are higher as a result of the increased Class II milk prices. Cream prices are higher in response to the rise in butter prices at the CME. Multiples are steady to generally higher. Fluid cream demand is strong. Offerings are tight as more milk is moving into butter production. Churning is active as several producers are making butter rather than selling cream. Ice cream production is seasonally lower, while cream cheese demand remains strong.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. Producing Plants: Northeast	-	1.7424 - 1.9360
Delivered Equivalent Atlanta	-	1.7515 - 1.9239
F.O.B. Producing Plants: Upper Midwest	-	1.7545 - 1.8634

## PRICES OF CLASS II CONDENSED SKIM, \$ PER LB WET SOLIDS

F.O.B. Producing Plants: Northeast	-	0.9500 - 1.0550
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## M I D W E S T

## WISCONSIN SPOT SHIPMENTS:

SPOT SHIPMENTS:	LOADS
OCTOBER 3 - 9, 1997	44
PREVIOUS WEEK	44 - revised
COMPARABLE WEEK IN 1996	43

DESTINATIONS: FLORIDA 14, GEORGIA 6, KENTUCKY 2,  
MISSISSIPPI 2 TENNESSEE 20

Class I and II interest is irregularly about steady. Some retail promotional activity is stimulating additional sales. Last week's shipment total was revised to include 4 loads to Kentucky and 10 loads to Tennessee that were not available at press time. Besides the Wisconsin shipments reported, an additional 14 loads were sent to Ohio. Milk from Michigan and Iowa are also reported moving to the Southeast to supplement local offerings. Milk supplies remain tight within the region. Reported Class I premiums are around \$2.75 to more than \$3.00 over class to regional bottlers. Manufacturing milk supplies are limited and prices vary from

just under \$2.00 over to well over \$3.00 fob, depending on location and the length of the haul. A few reports suggest manufacturing milk needs are a little quieter as new orders are less aggressive than in past weeks. Cream prices are generally higher, reflecting the increase in the butter price at the Chicago Mercantile Exchange. Cream imports from the West are continuing. Milk receipts are trending lower seasonally and manufacturing schedules are steady to lighter. Milk receipts are often near year ago levels. Fat and protein tests are steady to slightly higher seasonally. Unseasonably warm weather and often dry conditions allowed many farmers to make an extra cutting of hay. The conditions have allowed many farmers to conserve some of their winter feedstuffs. Where crop conditions allow, farmers are active in fall harvest, and to a lesser degree, tillage.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	OCT 2 - 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 39.00	\$ 31.00- 36.00
REPLACEMENT HEIFER CALVES	\$100.00-140.00	\$100.00-160.00

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	OCT 2 - 7	PREVIOUS YEAR
SLAUGHTER COWS	\$ 33.50- 38.00	\$ 31.00- 36.50

## W E S T

Hotter temperatures in October have limited milk production growth in Arizona. Levels are indicated to be only near 1996's output so far for the month. Humid conditions have also been a factor. The hurricane did cause some damage to feed crops, but a one-time rain proved tolerable. Milk producing areas in Arizona were not affected. In California, cooler temperatures have provided more relief to milk producing areas. Milk output continues to well outpace 1996 levels. Demand for cream remains good from butter, ice cream, and out of state accounts. Fluid utilization is strong for many outlets in the state and often keeping production of NDM in better check. A number of storms are lined up out in the Pacific and expected to bring moderate to heavy rains to the Pacific Northwest over the next week. Temperatures are cooling and snow is common at upper elevations. Milk output continues to decline seasonally. The solids content of incoming milk is also lower than expected. The majority of the corn silage harvest is completed with the quality and tonnage rated as very good. Some hay growers were able to harvest some decent hay in the past two weeks, but hay quality is generally poor and prices are high. Many producers are commenting that cows are not producing much milk on this year's hay crop. Because of the hay problems, prices for heifers are depressed and many producers are hesitant to add animals if feed supplies are tight and expensive. Much colder conditions and rain are common over the northern Mountain States region. Heavy snow was common at the higher elevations with up to two feet being measured. Some hay and corn silage are left to harvest and the weather is putting this on hold. Milk production continues to decline and some manufacturing plants are reducing their weekly operating schedules to compensate for declining receipts.

**CENTRAL AND WEST DRY MILK PRODUCTS**

All reports, except California manufacturing plants, were released 10/09/97 and represent FOB Central and Western production areas. Prices represent CL/TL quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL**

Prices are lower on the top end of the range. The majority of transactions remains in the \$1.05 - 1.06 range. Supplies are available from several sources in the region. Loads from other areas and resellers continue to provide competition and force price concessions. Stocks are ample to service contract and spot needs. U.S. production of human food NDM during August totaled 91.0 million pounds, 48.2% more than last year but 18.7% lower than last month. (Combined MN and WI production during August totaled 3,781,000 pounds.) Manufacturers' stocks at the end of August totaled 154.6 million pounds, 133.9% higher than last year but 3.7% less than last month.

Includes EXTRA GRADE and GRADE A, all heat treatments

NONFAT DRY MILK: 1.0400 - 1.0925 MOSTLY: 1.0500 - 1.0600

**DRY BUTTERMILK - CENTRAL**

The buttermilk market is weaker and activity is mostly limited to regular accounts. Spot buying interest is seldom very active. Additional production is beginning to develop seasonally. Stocks are in excess of current needs. During August, dry buttermilk production totaled 2.9 million pounds, up 12.1% from last year but 3.7% below July. End-of-month stocks totaled 3.2 million pounds, up 147.5% from a year earlier but down 8.5% from last month.

BUTTERMILK: 1.0000 - 1.0600

**DRY WHEY - CENTRAL**

Dry whey prices continue to show sharp increases and the market tone remains strong. Demand is good for the current limited offerings. Resale loads are available and often priced near plant prices to much higher. Buyer resistance is developing, but it is offset by the needs of buyers to secure whey for current and near term needs. Replacements are looked at to fill in shortages and save money. WPC is a much better buy on a cost per unit of protein basis. Stocks continue to be held with confidence. U.S. production of human food whey during August totaled 89.7 million pounds, 6.2% more than last year but 7.5% less than last month. End-of-August stocks, at 30.9 million pounds, are 11.1% less than last year and 6.4% less than July. Production in August with changes from 1996 is: Wisconsin, 27.7 million pounds, up 0.6% and Minnesota, 7.9 million pounds, down 1.2%.

NONHYGROSCOPIC: .2875 - .3500 MOSTLY: .2950 - .3200

**ANIMAL FEED WHEY - CENTRAL**

Prices are higher and nominal for all types. The stronger edible whey market remains the biggest factor in this market. Animal feed buyers are searching for lower cost proteins and bidding higher prices. Stocks of milk replacer and roller ground are limited; delactose is more available. August U.S. animal feed, dry whey production totaled 4.3 million pounds, 51.2% less than last year and 21.2% lower than July. Month-ending stocks were 2.6 million pounds, 35.3% less than last year and 29.9% lower than last month. Animal feed, reduced lactose and minerals whey production during August totaled 2.4 million pounds, 18.3% more than last year but 0.5% less than July; while all stocks (animal and human), at 12.7 million pounds, were 222.0% higher than last year.

MILK REPLACER: .2675 - .3100  
STANDARD: TFEWR  
ROLLER GROUND: .2900 - .3025  
DELACTOSE (Min. 20% protein): .3350 - .3575

**LACTOSE - CENTRAL AND WEST**

Lactose prices continue to decline within the range as more quarterly contract prices are reported. Spot interest is light to fair. The best interest for lactose continues to be for feed-quality products to be used in place of whey in formulations. Prices for feed-quality lactose are higher. Food lactose stocks are adequate to long for current needs. U.S. lactose production during August totaled 38.6 million pounds, up 11.6% from last year but 1.4% lower than July. End-of-August stocks, at 24.4 million pounds, are 37.2% higher than last year but 6.9% less than last month. Production in August with changes from 1996 is: Minnesota, 9.7 million pounds, -6.5%; and Wisconsin, 8.7 million pounds, up 0.7%.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .1800 - .2600 MOSTLY: .2000 - .2200

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices continue to decline, but not to the extent of recent weeks. Some contacts are using more WPC in formulations to replace relatively costlier whey powder. WPC remains available for spot sale from many producers. Stocks are ample for current needs. U.S. production of human food WPC during August totaled 22.4 million pounds, a 5.8% increase from last year but 3.6% lower than the previous month. Manufacturers' stocks at the end of August totaled 8.3 million pounds, 36.9% more than last year and 5.9% above last month.

EXTRA GRADE 34% PROTEIN: .5600 - .6050 MOSTLY: .5850 - .5950

**NONFAT DRY MILK - WEST**

Nonfat dry milk prices are unchanged and the market tone remains weak. New DEIP orders are beginning to be filled. With current hefty stocks and continued good production runs, contacts expect supplies to be ample enough to service all accounts. CCC purchase continued this week under the price support program. U.S. NDM production in August totaled 91.0 million pounds, up 48.2% from last year but down 18.7% from July. Stocks at the end of the month were reported at 154.6 million pounds, up 133.9% from last year but 3.7% lower than last month. August production in California totaled 46.2 million pounds, up 56.8% from last year, and Washington output totaled 17.1 million pounds, up 8.0% from a year ago.

Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.0300 - 1.0650 MOSTLY: 1.0300 - 1.0500  
HIGH HEAT: 1.0550 - 1.0800

**DRY BUTTERMILK - WEST**

Prices continue to decline and the market tone is weak. Buying interest has decreased seasonally and spot sales are harder to secure. Production is increasing seasonally. Output and stocks are outpacing current demand. U.S. buttermilk powder production in August totaled 2.9 million pounds, up 12.1% from last year but 3.7% below July. Stocks at the end of the month were reported at 3.2 million pounds, up 147.5% from a year earlier but down 8.5% from July.

BUTTERMILK: .9600 - 1.0400 MOSTLY: .9700 - 1.0000

**DRY WHEY - WEST**

Western whey prices are sharply higher in light trading. Trading is light because of limited supplies available on the current market. Most powder has been committed and production is declining at a faster rate. Domestic demand is excellent. Most new orders are going unfilled. Many contracts are being shorted. Very little new export activity is occurring because prices are too high. Many export buyers are looking at milk replacer quality, blends, or powder from Europe or Canada. August edible whey production for the U.S. totals 89.7 million pounds, up 6.2% from a year earlier. Stocks at the end of the month, however, are down 11.1% to 30.9 million pounds. California whey output is up 52.4% to 9.0 million pounds.

NONHYGROSCOPIC: .2200 - .2750 MOSTLY: .2400 - .2650

**CALIFORNIA MANUFACTURING PLANTS**

The weighted average price for Extra Grade and Grade A Nonfat Dry Milk for the seven day period ended October 03, on powder sales of 10,695,233 pounds f.o.b. California manufacturing plants was \$1.0462 per pound. This compares to 9,180,239 pounds at \$1.0473 for the previous week ending September 26, 1997. Prices for both periods were influenced by the effect of long-term contract sales. Compiled by the Dairy Marketing Branch, California Department of Food and Agriculture.

**NORTHEAST, SOUTHEAST, AND NATIONAL MILK PRODUCTS**

All reports represent carlot/trucklot quantities in 50 lb., 100 lb., or 25 kg. bags, spray process, dollars per pound, unless otherwise specified. Delivered Southeast is delivered equivalent Atlanta.

**NONFAT DRY MILK - NORTHEAST AND SOUTHEAST**

Prices are unchanged and the market tone remains weak. Interest is limited to contracts and supplies are readily available. DEIP bids and offerings to the CCC under the price support program continue to aid producers in reducing excessive inventories. Production of human food, nonfat dry milk during August 1997 totaled 91.0 million pounds, up 48.2% from August 1996 but 18.7% less than July 1997. Month ending stocks, at 154.6 million pounds, are 133.9% above a year ago but 3.7% less than last month.

GRADE and GRADE A, all heat treatments

F.O.B. NORTHEAST:	1.0500 - 1.1400
DELVD SOUTHEAST:	1.0750 - 1.0825

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady and the market tone is weak. Demand is slow and sales are limited to contracted accounts. Churning schedules are more active in response to the higher butter prices. As a result, production levels have increased for an unaggressive market. Stocks are fully adequate for current needs. Dry buttermilk production during August 1997 totaled 2.9 million pounds, up 12.1% from August 1996 but down 3.7% from the previous month. Month ending stocks, at 3.2 million pounds, are 147.5% more than a year ago but 8.5% less than last month.

F.O.B. NORTHEAST:	1.0300 - 1.0725
DELVD SOUTHEAST:	1.0625 - 1.1150

**DRY WHOLE MILK - NATIONAL**

Prices are slightly higher as a result of the 72 cent increase in the September Basic Formula Price. The market undertone is showing some strength. Domestic interest is fairly good. DEIP activity continues, but at a slower pace than in the previous weeks. Dry whole milk production during August 1997 totaled 11.3 million pounds, up 5.7% from August 1996 and 4.8% higher than July 1997. Month ending stocks, at 4.5 million pounds, are 27.0% below a year ago and 22.1% below last month.

F.O.B. PRODUCING PLANT:	1.2800 - 1.3500
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**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 1997 THROUGH OCTOBER 3, 1997  
WITH CHANGES FROM PREVIOUS REPORT

NONFAT DRY MILK	--	48,107	MT (106,056,692 LBS)
CHANGE	--	4,546	MT (10,022,112 LBS)
WHOLE MILK POWDER	--	3,074	MT (6,776,940 LBS)
CHANGE	--	535	MT (1,179,461 LBS)
CHEESE	--	718	MT (1,582,903 LBS)
CHANGE	--	0	MT (0 LBS)
BUTTERFAT	--	9,584	MT (21,128,886 LBS)
CHANGE	--	895	MT (1,973,117 LBS)

Allocations for the DEIP year beginning July 1, 1997 are:  
Nonfat dry milk - 92,217 MT; Whole Milk Powder - 7,487 MT;  
Cheese - 3,510 MT; Butterfat - 34,232 MT

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices are higher and nominal. The market tone remains firm. Eastern supplies seem to be in the tightest situation. Stocks range from scarce to unavailable and demand is aggressive. Contracts are still being cut as producers are trying to partially satisfy all customers. This tight market is showing some extremely attractive spot prices for suppliers that have available product. Resellers report many producers are sold out until November. Production of human food, dry whey during August 1997 totaled 89.7 million pounds, 6.2% more than August 1996 but 7.5% less than July 1997. Month ending stocks, at 30.9 million pounds, are 11.1% below a year ago and 6.4% lower than last month.

F.O.B. NORTHEAST:	EXTRA GRADE	.2875 - .3400
	USPH GRADE A	.2875 - .3550
DELVD SOUTHEAST:		.3350 - .3750

**ANIMAL FEED WHEY - NORTHEAST**

Prices are too few to report. Supplies are tight and product availability is limited. Spot buying interest is slow due to the recent high market prices. Production of animal feed, dry whey during August 1997 totaled 4.3 million pounds, down 51.2% from August 1996 and 21.2% less than July 1997. Month ending stocks, at 2.6 million pounds, are 35.3% below a year ago and 29.9% lower than the previous month.

F.O.B. NORTHEAST:	MILK REPLACER	TFEWR
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**EVAPORATED MILK - NATIONAL**

Prices and the market tone remain unchanged. Seasonal holiday demand is increasing. Lighter production levels are a result of less surplus milk availability. The Kansas City Commodity office announced the purchase of 2,166,480 pounds of canned evaporated milk under EVD-1, invitation 370, packed in 24/12 and 48/12-ounce cans for delivery in November 1-30, 1997. Canned evaporated milk production during August 1997 totaled 37.6 million pounds, up 6.5% from August 1996 but 3.1% less than July 1997. Month ending stocks, at 40.2 million pounds, are 2.9% less than a year ago but 8.9% higher than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES  
\$22.50 - 33.00  
Excluding promotional and other sales allowances. Included new price announcements.

**CASEIN - NATIONAL**

Prices for both casein types are unchanged to lower within the range following fourth quarter pricing adjustments. Demand currently remains mainly limited to contractual obligations. Spot interest is light, at best. Supplies of both types are adequate to fill current and anticipated needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET:	2.2000 - 2.2500
ACID:	2.0000 - 2.1000

## COFFEE, SUGAR, &amp; COCOA EXCHANGE AND CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	09/25	09/26	09/29	09/30	10/01	10/02	10/03	10/06	10/07	10/08
<b>CSCE CHEDDAR CHEESE</b> -- Cents per pound										
OCT 97	135.50 (4) 0	135.50 (4) 0	135.00 (4) 0	135.50 (4) 0	135.50 (4) 0	135.50 (4) 0	135.50 (4) 0	135.50 (4) 0	135.50 (4) 0	135.00 (4) 0
DEC 97	124.00 (10) 0	124.00 (10) 0	123.50 (10) 0	124.00 (10) 0	124.00 (10) 0	124.00 (10) 0	124.00 (10) 0	124.00 (10) 0	124.00 (10) 0	123.50 (10) 0
<b>CSCE - NONFAT DRY MILK</b> -- Cents per pound										
OCT 97	104.00 (4) 0	104.00 (4) 0	104.00 (4) 0	104.00 (4) 0	104.00 (4) 0	104.00 (4) 0	104.00 (4) 0	104.50 (4) 0	104.50 (4) 0	105.50 (3) 1
FEB 98	101.50 (0) 0	101.50 (0) 0	101.50 (0) 0	101.50 (0) 0	101.50 (0) 0	101.50 (0) 0	101.50 (0) 0	102.00 (0) 0	102.00 (0) 0	103.00 (0) 0
<b>CSCE - BUTTER</b> - Cents per lb.										
OCT 97	113.30 (29) 0	108.50 (29) 9	119.00 (25) 4	119.00 (25) 0	119.00 (25) 0	118.00 (25) 0	123.00 (25) 0	125.00 (25) 0	124.00 (25) 0	127.00 (25) 0
DEC 97	97.30 (42) 0	92.50 (42) 0	90.00 (42) 0	90.00 (42) 0	85.00 (42) 0	86.00 (42) 0	91.00 (42) 0	85.50 (42) 0	84.50 (42) 0	87.50 (42) 0
<b>CSCE - BFP</b> -- Dollars per cwt.										
SEP 97	12.68 (228) 10	12.73 (228) 1	12.74 (217) 29	12.78 (217) 0	12.75 (217) 6	12.76 (217) 0				
NOV 97	12.13 (71) 47	12.16 (81) 0	12.23 (82) 3	12.27 (89) 14	12.26 (87) 12	12.28 (92) 8	12.28 (95) 15	12.37 (106) 11	12.43 (117) 31	12.44 (134) 38
<b>CSCE - FLUID MILK</b> -- Dollars per cwt.										
OCT 97	14.63 (16) 0	14.48 (9) 10	14.48 (6) 0	14.63 (6) 0	14.63 (6) 0	14.63 (6) 0	14.63 (6) 0	14.63 (6) 0	14.63 (3) 1	14.63 (2) 0
DEC 97	12.58 (4) 0	12.43 (4) 0	12.43 (4) 0	12.58 (4) 0	12.58 (4) 0	12.58 (4) 0	12.58 (4) 0	12.58 (4) 0	12.58 (4) 0	12.58 (4) 0
<b>CME - BUTTER</b> -- Cents per pound										
NOV 97	116.75 (49) 9	117.10 (51) 4	114.60 (56) 13	109.60 (56) 0	105.50 (55) 2	106.95 (50) 8	109.45 (49) 7	107.00 (51) 5	108.00 (48) 1	110.50 (48) 2
FEB 98	105.00 (11) 1	108.95 (11) 6	106.45 (12) 1	101.45 (12) 0	98.00 (13) 2	98.90 (13) 0	98.50 (13) 0	98.00 (15) 2	98.00 (15) 0	99.50 (15) 0
<b>CME - BFP</b> -- Cents per pound										
SEP 97	12.73 (84) 2	12.73 (84) 1	12.80 (84) 0	12.82 (84) 14	12.80 (85) 35	12.78 (85) 0				
NOV 97	12.16 (132) 6	12.16 (130) 2	12.30 (130) 0	12.29 (132) 26	12.29 (132) 6	12.25 (132) 0	12.27 (132) 4	12.38 (134) 16	12.44 (138) 2	12.42 (138) 8
<b>CME - CHEDDAR CHEESE</b> -- Cents per pound										
NOV 97	Initial trading session held 10/03/97					132.50 (8) 0	134.75 (5) 8	135.00 (16) 1	135.40 (16) 1	
JAN 98							124.50 (6) 0	126.15 (3) 6	127.25 (64) 2	127.25 (64) 5

1/ Open interest for NDM and cheddar -- 4 contracts equal 40,000 pounds. Open interest for fluid milk (at both exchanges) -- 1 contract equals 50,000 pounds. For more detailed information, you may call our automated voice system at 608-224-5088 or the CSCE's Soft Fax at 212-742-6111.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered September 29 - October 10, 1997

Prices are U.S. Dollars per MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability.

MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Milk production is continuing to decline seasonally through most of Europe. Milk production normally declines sharply during fall and winter months in many European countries as seasonal grazing is used extensively through much of the continent. Some milk buyers hope that since milk marketings have been lower throughout the major production period during the summer in some EU countries, perhaps milk receipts may remain stronger closer to the end of the milk quota year at the end of March. Producers in some countries were hit with sizeable quota penalties last year and reduced marketings this year to prevent a similar occurrence. The overall market trend is steady to firm with butter and butterfat in the tightest position due to continued strong Russian demand. Butter producers are mindful that prices are nearing the level where substitute fats and/or oils, such as margarine, become more competitive. Also, some trader's feel that other buyers may be forced to reenter the market to fill butterfat needs that they had been holding off on in the hope of lower prices. The Muslim holiday Ramadan is nearing and may generate some additional demand for dairy products. The strong butter market has hurt whole milk production though has aided in skim production.

**BUTTER/BUTTEROIL:** The butter market remains firm and prices are steady to mostly higher. Continued interest from Russian buyers is keeping inventories at low levels. Some producers/marketers are reluctant to make additional deals due to concerns about being able to service the needs of regular accounts. Some concern is expressed over the possibility of other buyers reentering the market that had been delaying purchases in anticipation of possible lower prices.

82% BUTTERFAT:	1,950 - 2,350
99% BUTTERFAT:	2,300 - 2,400

**SKIM MILK POWDER (SMP):** Skim production has been heavier than usual as manufacturers attempt to make more butter for the domestic and export markets. Current interest varies from generally steady to quiet.

1.25% BUTTERFAT:	1,600 - 1,785
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**WHOLE MILK POWDER (WMP):** The whole milk market is steady to firm. Strong butter demand has impacted the volume of milk available for whole milk production. New supplies of whole milk remain tight though limited quantities of older powder (with a few months age) are still available and this is where much of the current activity is occurring.

26% BUTTERFAT:	1,850 - 1,900
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**SWEET WHEY POWDER:** The whey market is firm. Current offerings are limited and held with confidence. The higher butter prices and demand helped limit the increase in cheese and whey production in some countries. Supplies range from tight to in balance.

NONHYGROSCOPIC:	500 - 660
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**EASTERN EUROPE:** Prices are steady to higher. Milk production continues to decline seasonally. The government intervention program in Poland has closed as they purchased their desired 15,000 MT of skim milk powder. Current inventories are such that extra supplies available for export may be limited.

## OCEANIA

**OVERVIEW:** Milk production is rapidly approaching seasonal peak levels in the major milk producing areas. Peak levels are anticipated to be reached during the next few weeks. Early season milk receipts have been running well above comparable year ago levels. Reports continue to indicate a rapid peak is anticipated, though traders feel receipts could drop off rapidly, depending on the weather. Australia continues to receive some rain, but concerns persist over the possible impact of El Nino as many forecasts include drought for some locations. Manufacturing schedules remain active within the region and traders are trying to rebuild inventories depleted during the off season and to meet current sales. Interest in butter remains strong, particularly from Russian sources. Many currencies in the Far East, with the exception of the Japanese Yen, such as from the Philippines and Indonesia, are very weak against the US dollar and other major currencies. The full impact of the declining currencies on product demand has yet to occur.

**BUTTER:** The butter market is firm as demand remains strong, aided by continued Russian interest. Actual and current asking prices on additional volumes continue to firm. Butteroil prices are also higher as supplies of butterfat, overall are tight. Production is increasing as milk receipts near peak levels.

82% BUTTERFAT:	1,600 - 1,800
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**CHEDDAR CHEESE:** Cheese prices are generally steady. Production is increasing seasonally along with milk receipts. The strong demand for butter is, in part, utilizing some of the milk that would otherwise be used in cheese production. Current offerings are in balance with demand.

39% MAXIMUM MOISTURE:	2,100 - 2,200
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**WHOLE MILK POWDER (WMP):** This market remains firm. The strong demand for butter has kept whole milk production at lower levels. Producers have been drying more skim milk powder at the expense of whole milk. Supplies are generally tight, though expected to be rebuilt as milk production climbs seasonally.

26% BUTTERFAT:	1,700 - 1,800
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Exchange rates for selected foreign currencies: October 6, 1997

.5048 Dutch Guilder	.5687 German Mark
.1692 French Franc	.6377 New Zealand Dollar
.1291 Mexican Peso	.7243 Australian Dollar
1.6160 British Pound	.0082 Japanese Yen
.2925 Polish Zloty	

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.1291) = 7.7459$ . That is 1 US Dollar equals 7.7459 Mexican Pesos.

Source: *Wall Street Journal*



## SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 1997 was unchanged at 116. Compared with September 1996, the index was unchanged. The index of prices received by farmers for dairy products advanced 3 points during the month of September 1997 to 100. Compared with September 1996, the index was down 26 points (20.6 percent).

On a 3.5 percent butterfat basis, prices received by farmers in September with changes from August were: for All Milk, \$12.89 per hundredweight (cwt.), up 22 cents; for Fluid Grade Milk, \$12.89 per cwt., up 22 cents; and for Manufacturing Grade Milk, \$12.07 per cwt., up 29 cents.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., SEPTEMBER 1997 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>3/</u>				Milk cows <u>5/</u>		Cows <u>6/</u>		All hay baled <u>7/</u>	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	AUGUST		SEPTEMBER		SEPTEMBER		SEPTEMBER		SEPTEMBER	
	1997 <u>2/</u>	1996 <u>2/</u>	1997 <u>4/</u>	1996 <u>2/</u>	1997	1996	1997 <u>7/</u>	1996 <u>8/</u>	1997	1996
CA	11.97	15.25	12.12	15.60	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER		35.00	31.00	117.00	102.00
IA	12.16	15.08	12.44	15.98			37.30	30.30	105.00	91.00
MI	12.81	15.68	12.95	16.38			37.00	31.00	103.00	87.00
MN	12.83	15.90	13.17	16.28			35.50	31.20	93.00	75.00
NY	12.47	15.57	12.89	16.11			---	---	86.00	78.00
OH	12.35	15.49	12.65	15.80			34.00	30.10	137.00	127.00
PA	13.11	16.26	13.40	16.71			34.50	31.60	132.00	106.00
TX	12.78	16.10	12.90	16.44			33.50	29.70	83.00	102.00
WA	12.45	15.75	12.69	16.13			---	---	119.00	111.00
WI	13.00	15.85	13.55	16.37			35.90	32.40	80.00	64.00
U.S.	12.67	15.81	12.89	16.28			34.90	30.80	101.00	92.10

1/ Prices converted to 3.5 percent butterfat. 2/ Partially revised. 3/ Before deductions for hauling, and Government withholding; but including bulk-tank, quantity, or other premiums, excluding hauling subsidies. 4/ Preliminary. 5/ Animals sold for dairy herd replacement only. 6/ Average prices received by farmers. Includes cull dairy cows and beef cows sold for slaughter. 7/ Mid-month price. 8/ Entire month.

MILK AND PARITY PRICE RELATIONSHIPS AND OTHER GENERAL PRICE MEASURES, U.S., SEPTEMBER 1997 WITH COMPARISONS 1/

ITEM		SEPTEMBER 1996	AUGUST 1997 <u>2/</u>	SEPTEMBER 1997 <u>3/</u>
<b>PRICES</b> (converted to 3.5 percent butterfat) received by farmers for:				
All milk	Dol. per cwt.	16.28	12.67	12.89
Fluid grade milk	Dol. per cwt.	16.38	12.67	12.89
Manufacturing grade milk	Dol. per cwt.	14.97	11.78	12.07
<b>INDEX NUMBERS</b> for:				
Prices received by farmers for dairy products (1990-92 = 100)	Index	126	97	100
Prices paid by farmers for commodities and services, interest taxes, and wage rates (1990-92=100)	Index	116	116	116
<b>PARITY PRICE</b> for all milk	Dol. per cwt.	28.90	29.50	29.30
<b>PARITY EQUIVALENT</b> price for manufacturing grade milk	Dol. per cwt.	26.41	26.79	26.60
<b>MILK FEED PRICE RATIO:</b> Pounds of concentrate ration fed to milk cows equal in value to one pound of milk <u>4/</u>		1.67	1.45	1.49

1/ Parity prices are based on data for the current month. Parity price equivalent during 1997 is 90.8% of the parity price of all milk sold to plants, compared with 91.4% in 1996. 2/ Partially revised. 3/ Preliminary. 4/ Computed by Dairy Division, AMS, USDA; based on concentrate ration value as reported quarterly in "Milk Production", NASS, USDA.

**SOURCE:** "Agricultural Prices," Pr 1 (9/97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

**GRADE A/B MANUFACTURING PRICE**

At the request of the Agricultural Marketing Service of the U.S. Department of Agriculture (USDA), the National Agricultural Statistics Service of USDA has been collecting a manufacturing plant pay price series representing prices paid for milk used in the manufacture of dairy products, regardless of grade. This new price series first appeared in the USDA report, "Study of Alternatives to the Minnesota-Wisconsin Price," which was issued in September 1991. The Grade A/B manufacturing price is the average price paid to producers for milk delivered to a plant in Minnesota and Wisconsin for manufacturing use, before hauling costs and producer assessments are deducted. The price includes quantity, quality, protein and other premiums paid to producers, but excludes hauling subsidies and the Federal order "pool draw." Listed below is this price series for January-May 1997. (Information for earlier time periods is available upon request at 202-720-7461.)

Year and month	Grade A/B manufacturing price	Milkfat test	Grade A/B manufacturing price at 3.5% milkfat <u>1/</u>	Protein test	Hauling subsidy
	\$/cwt.	Pct.	\$/cwt.	Pct.	\$/cwt.
<b>1997</b>					
JAN	13.19	3.84	12.92	3.25	.32
FEB	13.65	3.82	13.33	3.25	.31
MAR	13.62	3.82	13.27	3.20	.33
APR	12.33	3.80	12.05	3.17	.33
MAY	11.44	3.74	11.22	3.17	.36

1/ Adjusted to 3.5 percent butterfat using the butterfat differential used to adjust the Federal milk order Basic Formula Price.

## AUGUST 1997 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 70.3 million pounds in August, 4.0 percent below August 1996 and 14.1 percent below July 1997. **AMERICAN TYPE CHEESE** production totaled 257.5 million pounds, 1.8 percent below August 1996 and 9.3 percent below July 1997. **TOTAL CHEESE** output (excluding cottage cheese) was 599.1 million pounds, 1.6 percent above August 1996 but 2.6 percent below July 1997. **NONFAT DRY MILK** production, for human food, totaled 91.0 million pounds, 48.2 percent above August 1996 but 18.7 percent below July 1997. **DRY WHEY** production, for human food, was 89.7 million pounds, 6.2 percent above August 1996 but 7.5 percent below July 1997. **ICE CREAM** (hard) production totaled 75.2 million gallons, 2.9 percent below August 1996 and 11.3 percent below July 1997.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	AUG 1997	PERCENT CHANGE FROM:			PRODUCT	AUG 1997	PERCENT CHANGE FROM:		
	1,000 LBS.	AUG 1996	JUL 1997	YEAR TO DATE 1/		1,000 LBS.	AUG 1996	JUL 1997	YEAR TO DATE 1/
BUTTER	70,312	-4.0	-14.1	0.5	DRY BUTTERMILK	2,898	12.1	-3.7	---
CHEESE					YOGURT (PLAIN AND FLAVORED)	132,289	2.3	3.2	---
AMERICAN TYPES 2/	* 257,538	-1.8	-9.3	0.7	CONDENSED WHEY, SOLIDS CONTENT 8/				
CHEDDAR	206,355	4.4	-9.7	3.4	SWEET-TYPE, HUMAN FOOD	3,721	-45.5	-13.4	---
SWISS	17,365	-6.5	-3.7	---	SWEET-TYPE, ANIMAL FEED	2,244	-10.3	-2.0	---
BRICK & MUENSTER	9,506	-9.6	2.8	---	DRY WHEY PRODUCTS				
CREAM & NEUFCHATEL	49,898	3.1	13.1	---	DRY WHEY, HUMAN FOOD	89,683	6.2	-7.5	---
BLUE	3,080	-1.5	5.5	---	DRY WHEY, ANIMAL FEED	4,287	-51.2	-21.2	---
HISPANIC	6,110	10.4	5.6	---	TOTAL DRY WHEY 9/	93,970	0.8	-8.3	-0.7
MOZZARELLA	193,850	3.9	1.3	2.2	LACTOSE, HUMAN FOOD & ANIMAL FEED	38,642	11.6	-1.4	---
OTHER ITALIAN TYPES	51,013	14.4	2.8	8.9	WHEY PROTEIN CONCENTRATE				
TOTAL ITALIAN TYPES	244,863	5.9	1.6	3.5	HUMAN FOOD	22,447	5.8	-3.6	---
ALL OTHER TYPES 3/	10,768	8.7	4.0	---	ANIMAL FEED	2,866	-12.4	-0.7	---
TOTAL	599,128	1.6	-2.6	1.9	FROZEN PRODUCTS	1,000 GALLONS			PERCENT
COTTAGE CHEESE, CURD 4/	39,002	-2.5	-1.2	---	ICE CREAM (HARD)	75,215	-2.9	-11.3	0.2
COTTAGE CHEESE, CREAMED 5/	32,454	1.2	-0.2	-1.2	ICE CREAM, LOWFAT (HARD)	9,883	-3.4	-3.2	---
COTTAGE CHEESE, LOWFAT 6/	29,716	1.0	-4.2	2.9	ICE CREAM, LOWFAT (SOFT)	23,636	-10.6	-12.5	---
CANNED EVAPORATED & CONDENSED					ICE CREAM, LOWFAT (TOTAL)	33,519	-8.6	-10.0	-5.4
WHOLE MILK	37,595	6.5	-3.1	---	SHERBET (HARD)	4,249	-14.6	-16.3	-4.3
DRY WHOLE MILK	11,332	5.7	4.8	---	YOGURT	8,050	-28.2	-12.1	-22.7
NONFAT DRY MILK, HUMAN FOOD	7/ 91,019	48.2	-18.7	15.7					
DRY SKIM MILK FOR ANIMAL FEED	482	38.9	-8.0	---					

MANUFACTURERS' STOCKS, END OF MONTH 10/							
PRODUCT	AUG 1997	PERCENT OF:		PRODUCT	AUG 1997	PERCENT OF:	
	1,000 LBS.	AUG 1996	JUL 1997		1,000 LBS.	AUG 1996	JUL 1997
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	30,862	-11.1	-6.4	HUMAN FOOD	8,280	36.9	5.9
DRY WHEY, ANIMAL FEED	2,581	-35.3	-29.9	ANIMAL FEED	1,095	79.8	10.7
REDUCED LACTOSE & MINERALS--HUMAN & ANIMAL 11/	12,724	222.0	-3.1	CANNED EVAPORATED & CONDENSED WHOLE MILK	40,188	-2.9	8.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	24,445	37.2	-6.9	DRY WHOLE MILK	4,539	-27.0	-22.1
DRY BUTTERMILK, TOTAL	3,205	147.5	-8.5	NONFAT DRY MILK FOR HUMAN FOOD	154,550	133.9	-3.7
				DRY SKIM MILK FOR ANIMAL FEED	1,279	29.3	1.9

1/ 1997 cumulative as percent of 1996 cumulative. 2/ Whole milk cheese, including Cheddar, colby, washed curd, stirred curd, monterey and jack. 3/ Does not include Part Skim cheese beginning January 1996 or Hispanic cheese beginning June 1996. 4/ Mostly used for processing into creamed or lowfat cottage cheese. 5/ Fat content 4 percent or more. 6/ Fat content less than 4 percent. 7/ Includes combined Minnesota and Wisconsin production of 3,781,000 lbs. 8/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. 9/ Excludes all modified dry whey products. 10/ Stocks held by manufacturers at all points and in transit. 11/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. \*Includes combined Minnesota and Wisconsin production of 121,097,000 lbs.

SOURCE: "Dairy Products," Da 2-6 (10-97), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

MINIMUM FEDERAL ORDER AND ANNOUNCED COOPERATIVE CLASS I PRICES IN SELECTED CITIES <sup>1/</sup>												
CITY	OCT 1995			OCT 1996			SEP 1997			OCT 1997		
	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference	Federal Order	Coop.	Difference
	Dollars Per Hundredweight											
Atlanta, GA	14.63	14.98	0.35	18.02	19.72	1.70	13.94	14.99	1.05	15.15	16.35	1.20
Baltimore, MD	14.58	15.53	0.95	17.97	18.72	0.75	13.89	14.94	1.05	15.10	16.15	1.05
Boston, MA **	14.79	15.52	0.73	18.18	18.91	0.73	14.10	14.73*	0.63*	15.31	15.94	0.63
Carbondale, IL	13.56	14.67	1.11	16.95	18.65	1.70	12.87	14.80	1.93	14.08	16.07	1.99
Charlotte, NC	14.63	15.28	0.65	18.02	20.08	2.06	13.94	14.99	1.05	15.15	16.35	1.20
Chicago, IL	12.95	14.46	1.51	16.34	18.44	2.10	12.26	14.30	2.04	13.47	15.63	2.16
Cincinnati, OH	13.66	14.36	0.70	17.05	18.30	1.25	12.97	14.87	1.90	14.18	16.08	1.90
Cleveland, OH	13.55	14.17	0.62	16.94	18.00	1.06	12.86	14.76	1.90	14.07	15.97	1.90
Dallas, TX	14.71	14.91	0.20	18.10	18.65	0.55	14.02	14.27	0.25	15.23	16.23	1.00
Denver, CO	14.28	14.99	0.71	17.67	17.82	0.15	13.59	13.74	0.15	14.80	14.95	0.15
Des Moines, IA	13.10	13.85	0.75	16.49	17.94	1.45	12.41	13.94	1.53	13.62	15.15	1.53
Detroit, MI	13.40	14.22	0.82	16.79	17.73	0.94	12.71	14.10	1.39	13.92	14.92	1.00
Hartford, CT **	14.69	15.42	0.73	18.08	18.81	0.73	14.00	14.68	0.68	15.21	15.84	0.63
Houston, TX	15.25	15.45	0.20	18.64	19.19	0.55	14.56	14.81	0.25	15.77	16.77	1.00
Indianapolis, IN	13.45	14.48	1.03	16.84	18.16	1.32	12.76	14.60	1.84	13.97	15.81	1.84
Kansas City, MO	13.47	14.02	0.55	16.86	17.96	1.10	12.78	14.26	1.48	13.99	15.47	1.48
Little Rock, AR	14.32	14.47	0.15	17.71	18.21	0.50	13.63	13.88	0.25	14.84	15.84	1.00
Louisville, KY	13.66	14.06	0.40	17.05	18.00	0.95	12.97	13.92	0.95	14.18	15.13	0.95
Miami, FL	15.73	17.35	1.62	19.12	22.13	3.01	15.04	18.20	3.16	16.25	19.16	2.91
Milwaukee, WI	12.86	14.37	1.51	16.25	18.35	2.10	12.17	14.21	2.04	13.38	15.54	2.16
Minneapolis, MN	12.75	13.50	0.75	16.14	17.59	1.45	12.06	13.56	1.50	13.27	14.77	1.50
New Orleans, LA	15.20	15.55	0.35	18.59	19.24	0.65	14.51	14.76	0.25	15.72	16.72	1.00
Oklahoma City, OK	14.32	14.49	0.17	17.71	18.26	0.55	13.63	13.88	0.25	14.84	15.84	1.00
Omaha, NE	13.30	14.05	0.75	16.69	17.79	1.10	12.61	14.09	1.48	13.82	15.30	1.48
Philadelphia, PA	14.64	15.44	0.80	18.03	18.73	0.70	13.95	14.97	1.02	15.16	16.18	1.02
Phoenix, AZ	14.07	14.07	0.00	17.46	17.46	0.00	13.38	13.38	0.00	14.59	14.59	0.00
Pittsburgh, PA	13.55	14.15	0.60	16.94	17.44	0.50	12.86	13.66	0.80	14.07	14.87	0.80
St. Louis, MO	13.56	14.67	1.11	16.95	18.65	1.70	12.87	14.80	1.93	14.08	16.07	1.99
Salt Lake City, UT	13.45	13.60	0.15	16.84	16.99	0.15	12.76	12.91	0.15	13.97	14.12	0.15
Seattle, WA	13.45	13.90	0.45	16.84	17.14	0.30	12.76	13.14	0.38	13.97	14.35	0.38
Spokane, WA	13.45	13.90	0.45	16.84	17.14	0.30	12.76	13.14	0.38	13.97	14.35	0.38
Springfield, MO	13.74	14.14	0.40	17.13	17.68	0.55	13.05	13.90	0.85	14.26	15.26	1.00
Washington, DC	14.58	15.53	0.95	17.97	18.72	0.75	13.89	14.94	1.05	15.10	16.15	1.05
Simple Average	13.98	14.65	0.67	17.37	18.38	1.01	13.29	14.37	1.08	14.50	15.69	1.19

\*Revised.

\*\*NOTE: The Northeast Dairy Compact has established a Class I price level of \$16.94 for the period July-December 1997. The Compact obligation is \$16.94 less the Federal order Class I price shown for Boston. The effective Class I price level is the Federal order price at location plus the Compact obligation plus the figure shown under the column labeled "Difference".

<sup>1/</sup> Class I prices announced for the beginning of the month by the major cooperative in each city market. These prices may not apply to all of the Class I sales in these city markets. Announced prices may not include handling or service charges applicable to milk from supply plants and competitive credits which may be allowed. These prices have not been verified as having been actually paid by handlers.

## FEDERAL MILK ORDER MINIMUM CLASS PRICE HIGHLIGHTS

**BASIC FORMULA PRICE.** The Basic Formula Price for September 1997 is \$12.79 per hundredweight at 3.5 percent butterfat. The September Basic Formula Price is the August base month Minnesota-Wisconsin (M-W) price of \$12.06 at 3.5 percent plus a change of \$0.73, which is the change in the butter/powder/cheese formula from August 1997 to September 1997. The September 1997 Basic Formula Price is \$0.72 more than last month and \$2.58 less than the September 1996 Basic Formula Price. This Basic Formula Price is the Class III price for September 1997 and is to be used in November 1997 for establishing minimum Class I (fluid use) prices and minimum Class II prices under Federal milk orders. To arrive at the minimum Class I price for each market, a Class I differential, ranging from \$1.20 in the Upper Midwest order to \$4.18 in the Southeastern Florida order, is added to this basic formula price. To arrive at the minimum Class II price for all markets, a differential of \$0.30 is added to this basic formula price. For those orders which adjust blend prices for butterfat contents varying from 3.5 percent, the producer butterfat differential per 0.1 percent butterfat is 10.6 cents. **MILK COMPONENT CONTENTS.** For the August 1997 base month M-W price, the butterfat content was 3.64 percent, protein 3.14 percent, and solids-not-fat 8.52 percent. For the September 1997 Basic Formula Price, the butterfat content was 3.78 percent, protein 3.25 percent, and solids-not-fat 8.60 percent.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	SEPTEMBER								OCTOBER			NOVEMBER	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
New England (Boston)	1 <u>3</u> /	14.10	17.73	11.16	14.79	12.85	15.43	11.93	15.91	15.31	18.18	12.37	16.03	13.09
New York/New Jersey (NY City)	2 <u>4</u> /	14.00	17.63	11.24	14.87	12.93	15.51	12.01	15.99	15.21	18.08	12.45	15.93	13.17
Middle Atlantic (Philadelphia/ Baltimore/Washington, DC)	4 <u>5</u> /	13.89	17.52	11.16	14.79	12.87	15.45	11.95	15.93	15.10	17.97	12.37	15.82	13.09
Carolina (Charlotte)	5	13.94	17.57	11.16	14.79	12.79	15.37	11.87	15.85	15.15	18.02	12.37	15.87	13.09
Tennessee Valley (Knox/Chat)	11 <u>6</u> /	13.63	17.26	11.16	14.79	12.79	15.37	11.87	15.85	---	17.71	---	---	---
Southeast (Atlanta/Birmingham)	7	13.94	17.57	11.16	14.79	12.79	15.37	11.87	15.85	15.15	18.02	12.37	15.87	13.09
Upper Florida (Jacksonville/Tallahassee)	6	14.44	18.07	11.16	14.79	12.79	15.37	---	---	15.65	18.52	12.37	16.37	13.09
Tampa Bay	12	14.74	18.37	11.16	14.79	12.79	15.37	---	---	15.95	18.82	12.37	16.67	13.09
Southeastern Florida (Miami)	13	15.04	18.67	11.16	14.79	12.79	15.37	---	---	16.25	19.12	12.37	16.97	13.09
Michigan Upper Peninsula (Marquette)	44	12.21	15.84	11.16	14.79	12.79	15.37	11.87	15.85	13.42	16.29	12.37	14.14	13.09
Southern Michigan (Detroit)	40 <u>7</u> /	12.61	16.24	11.16	14.79	12.79	15.37	11.87	15.85	13.82	16.69	12.37	14.54	13.09
E. Ohio/W. PA. (Cleveland/Pittsburgh)	36	12.86	16.49	11.16	14.79	12.79	15.37	11.87	15.85	14.07	16.94	12.37	14.79	13.09
Ohio Valley (Columbus)	33	12.90	16.53	11.16	14.79	12.79	15.37	11.87	15.85	14.11	16.98	12.37	14.83	13.09

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT*1/														
FEDERAL MILK ORDER MARKETING AREAS 2/	ORDER NUMBER	SEPTEMBER								OCTOBER			NOVEMBER	
		PRICE PER 100 POUNDS								PRICE PER 100 POUNDS				
		CLASS I		CLASS II		CLASS III		CLASS III-A		CLASS I		CLASS II	CLASS I	CLASS II
		1997	1996	1997	1996	1997	1996	1997	1996	1997	1996	1997	1997	1997
		DOLLARS								DOLLARS				
Indiana (Indianapolis)	49	12.76	16.39	11.16	14.79	12.79	15.37	11.87	15.85	13.97	16.84	12.37	14.69	13.09
Chicago Regional	30	12.26	15.89	11.16	14.79	12.79	15.37	11.87	15.85	13.47	16.34	12.37	14.19	13.09
Central Illinois (Peoria)	50	12.47	16.10	11.16	14.79	12.79	15.37	---	---	13.68	16.55	12.37	14.40	13.09
S. Illinois/E. Missouri (Alton)	32	12.78	16.41	11.16	14.79	12.79	15.37	---	---	13.99	16.86	12.37	14.71	13.09
Louisville/Lexington/Evansville	46	12.97	16.60	11.16	14.79	12.79	15.37	11.87	15.85	14.18	17.05	12.37	14.90	13.09
Upper Midwest (Minneapolis)	68	12.06	15.69	11.16	14.79	12.79	15.37	11.87	15.85	13.27	16.14	12.37	13.99	13.09
E. South Dakota (Sioux Falls)	76	12.36	15.99	11.16	14.79	12.79	15.37	---	---	13.57	16.44	12.37	14.29	13.09
Iowa (Des Moines)	79	12.41	16.04	11.16	14.79	12.79	15.37	11.87	15.85	13.62	16.49	12.37	14.34	13.09
Nebraska/W. IA. (Omaha/Sioux City)	65	12.61	16.24	11.16	14.79	12.79	15.37	11.87	15.85	13.82	16.69	12.37	13.54	13.09
Greater Kansas City	64	12.78	16.41	11.16	14.79	12.79	15.37	---	---	13.99	16.86	12.37	14.71	13.09
Southwest Plains (Oklahoma City)	106	13.63	17.26	11.16	14.79	12.79	15.37	11.87	15.85	14.84	17.71	12.37	15.56	13.09
Texas (Dallas)	126	14.02	17.65	11.16	14.79	12.79	15.37	11.87	15.85	15.23	18.10	12.37	15.95	13.09
Eastern Colorado (Denver)	137	13.59	17.22	11.16	14.79	12.79	15.37	---	---	14.80	17.67	12.37	15.52	13.09
Western Colorado (Grand Junction)	134	12.86	16.49	11.16	14.79	12.79	15.37	---	---	14.07	16.94	12.37	14.79	13.09
SW Idaho/Eastern Oregon (Boise)	135	12.36	15.99	11.16	14.79	12.79	15.37	11.73	15.51	13.57	16.44	12.37	14.29	13.09
Great Basin (Salt Lake City)	139	12.76	16.39	11.16	14.79	12.79	15.37	---	---	13.97	16.84	12.37	14.69	13.09
Central Arizona (Phoenix)	131	13.38	17.01	11.16	14.79	12.79	15.37	11.73	15.51	14.59	17.46	12.37	15.31	13.09
New Mexico/West Texas (Albuquerque)	138	13.21	16.84	11.16	14.79	12.79	15.37	11.87	15.85	14.42	17.29	12.37	15.14	13.09
Pacific Northwest (Seattle/Portland)	124	12.76	16.39	11.16	14.79	12.79	15.37	11.73	15.51	13.97	16.84	12.37	14.69	13.09
SIMPLE AVERAGE	---	13.20	16.83	11.16	14.79	12.80	15.38	11.86	15.82	14.39	17.28	12.37	15.11	13.09

\* To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. For example, the minimum Class I price in Boston (the New England market) in November 1997 is \$16.03 per 100 pounds or \$1.38 per gallon (\$16.03 divided by 11.63 equals \$1.3783).

1/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order resumed effective June 1, 1996. This assessment applies to all persons who process and market more than 500,000 pounds of fluid milk products in consumer-type packages in the 48 contiguous States and the District of Columbia during the month.

2/ Names in parentheses are principal cities and pricing points of markets.

3/ Zone 1, Boston. Class I price at 201-210 mile zone--72 cents less.

4/ New York City metropolitan area. Prices at 201-210 mile zone: Class I - 72 cents less, Class II - 8 cents less, Class III - 8 cents less, and Class III-A - 8 cents less.

5/ Prices exclude a 6-cent direct delivery differential applicable to milk delivered to Philadelphia.

6/ Effective October 1, 1997, the order regulating this marketing area was terminated.

7/ Prices exclude a 10-cent direct delivery differential applicable to milk delivered to Detroit metropolitan area.

CCC PURCHASES OF DAIRY PRODUCTS

	FOR THE PERIOD OF OCTOBER 1 - 10, 1997				CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	PERIOD ENDING	SAME PERIOD	
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/97	LAST YEAR	10/03/97	LAST YEAR	
BUTTER								
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
CHEESE								
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK								
Nonfortified	1,494,563	99,207	1,395,356	1,395,356	-0-	-0-	-0-	-0-
Fortified	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	1,494,563	99,207	1,395,356	1,395,356	-0-	-0-	-0-	-0-

MILK EQUIVALENT, MILKFAT AND SKIM SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT*	SKIM**		MILKFAT*	SKIM**
	BASIS	SOLIDS		BASIS	SOLIDS
PERIOD OF OCTOBER 1 - 10, 1997 =	0.3	16.2	COMPARABLE WEEK IN 1996 =	0.0	0.0
CUMULATIVE SINCE OCTOBER 1, 1997 =	0.3	16.2	CUMULATIVE SAME PERIOD LAST YEAR =	0.0	0.0
CUMULATIVE JANUARY 1 - OCTOBER 10, 1997 =	24.9	406.6	COMPARABLE CALENDAR YEAR 1996 =	0.0	0.0

\* Factors used for Milkfat Solids Basis: Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis: Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

	CCC ADJUSTED PURCHASES SINCE 10/1/97 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL							
	BUTTER	CHEESE	NONFAT DRY MILK	MILK EQUIVALENT				
REGION	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97	1997/98	1996/97
MIDWEST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
WEST	-0-	-0-	-0-	-0-	1,395,356	-0-	100.0	0.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	0.0	0.0
TOTAL	-0-	-0-	-0-	-0-	1,395,356	-0-	100.0	0.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER JANUARY 1, 1997MANUFACTURING MILK: Average Test 3.67% - \$10.20 per cwt.; 3.5% - \$10.10DOLLARS PER POUNDBUTTER: Bulk \$.6500; 1# Prints \$.6800CHEESE: 40 & 60# Blocks \$1.1300; 500# Barrels \$1.1000; Process American 5# \$1.1825; Process American 2# \$1.2225NONFAT DRY MILK: Nonfortified \$1.0470; Fortified \$1.0570; Instant \$1.2045Dairy Cow & Total Cow Slaughter under Federal Inspection, by Regions & U.S., for Week Ending 09/20/97 & Comparable Week 1996 (1/ 2/)

Daily Cow & Total Cow Slaughter under Federal Inspection, By Regions & U.S. for Week Ending 03/20/94 Comparative week 1996 (17/27)																
Regions*											U.S. TOTAL				% DAIRY OF ALL	
: 1 : 2 : 3** : 4** : 5 : 6 : 7 : 8 : 9 : 10											: WEEK :SINCE JAN 1:		WEEK : SINCE JAN 1			
1997-Dairy cows	HD (000)	: 0.4	1.6	---	12.8	21.0	2.9	3.2	1.2	9.5	3.3	55.8	2,081.7	45.3	45.9	
1996-Dairy cows	HD (000)	: 0.4	1.5	---	13.8	24.3	4.2	4.0	1.5	9.1	2.6	61.3	2,145.4	44.2	43.4	
1997-All cows	HD (000)	: 0.4	1.6	---	27.7	29.6	19.5	16.5	8.5	12.3	7.1	123.1	4,531.6			
1996-All cows	HD (000)	: 0.4	1.6	---	29.9	32.6	21.8	21.6	10.7	12.8	7.3	138.7	4,938.6	**REGION 3 & 4 COMBINED**		

1/ States included in regions are as follows: Region 1--ME, NH, VT, CT, MA, and RI; Region 2--NY and NJ; Region 3--DE, PA, WV, VA, and MD; Region 4--KY, TN, NC, SC, GA, AL, MS, and FL; Region 5--MI, OH, IN, IL, WI, and MN; Region 6--TX, OK, NM, AR, and LA; Region 7--IA, NB, KS, and MO; Region 8--MT, WY, CO, UT, ND, and SD; Region 9--CA, NV, AZ, and HA; Region 10--ID, OR, and WA. 2/ Totals may not add due to rounding.

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CCC MARKET PRICE PURCHASES (POUNDS) 10/2/97 & 10/7/97

CHEESE	NOVEMBER DELIVERY	
PROCESS		
2# LOAVES	950,400	\$1.4200-1.5197
5# LOAVES	673,200	\$1.2690-1.3250
SLICED	2,613,600	\$1.3937-1.5250
MOZZARELLA	1,532,160	\$1.3680-1.4040
LITE	362,880	\$1.4550-1.4610
LITE, SHREDDED	403,200	\$1.4810-1.5150
NATURAL AMERICAN		
BLOCKS	119,851	\$1.5050
CUTS	199,751	\$1.6500-1.6975
SHREDDED	38,400	\$1.6600
REDUCED FAT - BLOCKS	79,900	\$1.7550
REDUCED FAT - SHREDDED	307,200	\$1.8450-1.8950

CUMULATIVE TOTAL CHEESE PURCHASES SINCE 10/1/97 = 7,280,542

BASIC FORMULA PRICE (BFP), MAY 1995\* TO DATE & HISTORIC M-W (3.5% BF, \$/CWT.)

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUN.	JUL.	AUG.	SEP.	OCT.	NOV.	DEC.
1994	12.41	12.41	12.77	12.99	11.51	11.25	11.41	11.73	12.04	12.29	11.86	11.38
1995	11.35	11.79	11.89	11.16	*11.12	11.42	11.23	11.55	12.08	12.61	12.87	12.91
1996	12.73	12.59	12.70	13.09	13.77	13.92	14.49	14.94	15.37	14.13	11.61	11.34
1997	11.94	12.46	12.49	11.44	10.70	10.74	10.86	12.07	12.79			